

WHEFA

AUTHORITY MEETING
March 4, 2022



WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

Meeting Agenda

YOU ARE HEREBY NOTIFIED that the Washington Higher Education Facilities Authority will hold a Special Meeting at 1:00 p.m. prevailing Pacific Time on Friday, March 4, 2022, to consider the items in the agenda below.

Jay Inslee,
Governor
Chair

David Schumacher,
Director, Office of
Financial Management,
Governor’s Designee

Jerome Cohen
Public Member
Secretary

Denny Heck,
Lieutenant Governor

Michael Meotti,
Executive Director,
Student Achievement
Council

Allan Belton,
President,
Pacific Lutheran University

Dr. Gene Sharratt,
Public Member
Treasurer

Jasmine Minato,
Public Member

Steve Walker,
Executive Director

Per the Governor’s proclamation regarding the Open Public Meetings Act and Public Records Act (Proclamation 20-28) and due to extraordinary public-health circumstances related to the ongoing COVID-19 (coronavirus) outbreak, participation in this meeting will only be offered virtually.

To join virtually, please go to www.zoom.us and enter:

Meeting ID: 864 2441 2898

Password: 673609

Participants using a computer without a microphone who wish to participate verbally, please dial: 1-(888) 788-0099 U.S. toll-free

Please note that the line will be muted to the public except during the public comment portions of the meeting.

I. CALL TO ORDER: *Chair*

II. APPROVAL OF THE NOVEMBER 10, 2021 SPECIAL MEETING

MINUTES: *Chair* -----

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III. CONSIDER AND ACT ON THE FOLLOWING ITEMS:

A. Election of Secretary and Treasurer for one-year term

– *Steve Walker* -----

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B. Financing Resolution: Gonzaga University (Series 2022 & 2023)

– *Carol Johnson* -----

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1. Introduction and Financial Update

2. Review and Act on Resolution #22-01 for Gonzaga University authorizing issuance by the Authority of revenue and refunding revenue bonds in an amount not expected to exceed \$47,000,000 -----

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C. Finance Report – *Lucas Loranger*

1. Consider and Act on approval of the current Financial Statement -----
2. Invoice for Services -----

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IV. INFORMATION ITEMS

- A. Market Update – *Thomas Toepfer, Managing Director, PFM Financial Advisors LLC* -----
- B. Bond Issue Status Report – *Carol Johnson* -----
- C. Executive Director’s Report – *Steve Walker*
- D. Authority Meeting Schedule – *Steve Walker*
 1. May 5, 2022
 2. August 4, 2022

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V. PUBLIC COMMENT: *Chair*

VI. MISCELLANEOUS BUSINESS AND CORRESPONDENCE -----

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VII. EXECUTIVE SESSION

VIII. ADJOURN

PUBLIC ENGAGEMENT AT AUTHORITY MEETINGS

All Board meetings of the Washington Higher Education Facilities are open to the public. Our intention is to welcome all members of the public and to provide a clear and reasonable process through which they can share their thoughts with us.

Different ways to Join the Authority Meetings:

1. Meeting link:
<https://us02web.zoom.us/j/86424412898?pwd=dDIUYmF6T1dodEFVWtk2dCsxVVBaQT09>
2. At www.zoom.us, go to "Join a Meeting," and enter:
Meeting ID: 864 2441 2898
Passcode: 673609
3. To participate by phone, dial: 1-(888)-788-0099 or 1-(877)-853-5247

During Meetings: During board meetings, attendees can see and hear all presentations and business taking place. Microphones will be turned off except to receive comment during the public comment period.

Public Hearings: Public hearings are normally held separately from Authority board meetings.

Public Comment:

- **Purpose of Public Comment** - During this period, the Board members listen to public concerns and comments but do not generally engage in dialogue. Staff will follow up with commenters who request assistance or answers to questions, providing that contact information is shared. Anyone who wishes to speak during the public comment period can take this opportunity.
- **When to Comment** - The public comment period takes place after the executive director's report. Typically, the public comment period is reached after about an hour but may be sooner or later.
- **Raising Your Hand in Zoom or Through Phone Participation** - To give us a sense of the number of people wishing to speak and help us call on you in an orderly fashion, the meeting Chair will ask you to use the Zoom "raise hand" feature to indicate you would like to speak. People participating on the telephone can press *9 to virtually "raise a hand." Whether or not you are able to virtually raise a hand, the Chair will provide time and opportunity for all to share their comments before closing the public comment period.
- **Timing of Comments** - We ask that speakers keep their comments brief (2 to 3 minutes). The Chair may ask you to begin bringing your statement to a close after that time, especially if others are waiting to speak. Our intention is not to impose a specific time limit unless it seems necessary to ensure that a sufficient number of speakers have an equal opportunity to express their thoughts.

TAB 1

Washington Higher Education Facilities Authority

MINUTES

November 10, 2021

Mr. Jerome Cohen, Board Secretary, called the special meeting of the Authority to order at 1:02 p.m. via Zoom and conference call.

Board members present on the line were Lt. Governor Denny Heck, Mr. Allan Belton, Dr. Gene Sharratt, and Ms. Jasmine Minato.

Authority staff on the line were Mr. Steve Walker, Executive Director; Mr. Paul Edwards, Deputy Director; Mr. Bob Cook, Senior Finance Director; Ms. Carol Johnson, Affiliates Manager; Mr. Lucas Loranger, Senior Controller; and Ms. Rona Monillas, Program Assistant.

Also present on the line were Ms. Faith Pettis of Pacifica Law Group, the Authority's bond counsel; Mr. Thomas Toepfer of PFM Financial Advisors; Mr. Larry Probus, Vice President of Finance and Administration, Whitworth University; Mr. Peter Harvey, Chief Financial Officer at Whitman College; and Ms. Amy Sutherland and Ms. Kellie McKenna of Moss Adams, LLP.

Introduction of the New Board Member

Mr. Cohen introduced and welcomed the new board member, Ms. Jasmine Minato. Ms. Minato expressed her pleasure at being appointed to the board.

Mr. Cohen thanked Ms. Claire Grace, a former WHEFA board member, for her eight-plus years of service on the WHEFA board. Ms. Grace thanked the Authority for its outstanding service to the community.

Mr. Cohen announced the upcoming retirements of Mr. Paul Edwards, the Authority's Deputy Director, and Mr. Bob Cook, the Authority's Senior Finance Director. Mr. Cohen expressed his gratitude to Mr. Edwards and Mr. Cook for their invaluable contributions to the Authority.

Approval of the Minutes

Mr. Cohen asked for a motion to approve the minutes of the meeting held on June 14, 2021. Mr. Belton made the motion, and it was seconded by Dr. Sharratt. The minutes were approved unanimously, 5-0.

**Action Item:
Approval of
Resolution #21-02
for Whitworth
University**

Mr. Cohen introduced Ms. Monillas to present staff recommendation for approval of Resolution No. 21-02.

Ms. Monillas stated that the board is being asked to consider the proposed issuance of tax-exempt revenue and refunding revenue bonds for Whitworth University in an amount not to exceed \$23 million.

Ms. Monillas gave a summary of the transaction and said that a public hearing for this transaction was held on October 7, 2021. She stated that the Authority received approval from the Governor to issue the bonds. The transaction is set to close on January 4, 2022.

Mr. Larry Probus provided additional project information. He stated that the University will take advantage of the low interest rate environment and use some of the savings from the refunding to reimburse themselves for approximately \$5 million in costs associated with the new Innovation Lab.

Mr. Cohen asked for a motion to approve Resolution No. 21-02. Lt. Governor Heck made the motion, and it was seconded by Mr. Belton. The resolution was approved unanimously, 5-0.

**Action Item:
Approval of
Resolution #21-03
for Whitman
College**

Mr. Cohen introduced Ms. Johnson to present the staff recommendation for approval of Resolution No. 21-03.

Ms. Johnson stated that the board is being asked to consider a proposed issuance of taxable and tax-exempt refunding revenue bonds for Whitman College in an amount not to exceed \$65 million.

Ms. Johnson stated that the packet revisions were provided on the day of the meeting as a result of a last-minute structure change. She then gave a summary of the transaction and said that a public hearing for this transaction was held on October 12, 2021. She stated that the Authority received approval from the Governor to issue the bonds. The transaction is set to close on November 30, 2021.

Mr. Harvey provided additional information about the project. He stated that the College is not taking on additional debt. They will be financing the cost of the termination of interest rate swaps and simplifying their bond structure. He enumerated the benefits that the College will gain from this project. Mr. Harvey expressed appreciation to the Authority, and everyone involved in the transaction.

Mr. Cohen asked for a motion to approve Resolution No. 21-03. Lt. Governor Heck made the motion, and it was seconded by Dr. Sharratt. The resolution was approved unanimously, 5-0.

**Action Item:
Acceptance of
the Final Audit
Report**

Mr. Cook introduced Ms. Amy Sutherland and Ms. Kellie McKenna to present a summary of the Audit Report to the Authority board.

Ms. Sutherland presented the overall results of the audit. She highlighted that they are providing an unmodified opinion, stating that the financial statements

were presented fairly and in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Ms. McKenna stated that they reviewed the application of accounting policies and have taken note of any changes in governance. She concluded that no significant accounting policies had changed for the fiscal year ending June 30, 2021. She added that the Authority has selected and applied significant accounting policies appropriately and consistently with those of the prior year.

Ms. McKenna noted that the Authority has investments currently held as cash equivalents within the State Local Government Investment Pool.

Ms. McKenna said that the Authority implemented GASB 91 last year, which removed all conduit debt from the statement of net position. She stated that Note 5 continues to disclose all outstanding debt balances.

Ms. McKenna listed additional communications related to the audit process. She emphasized that auditors had no difficulties or disagreements with Authority staff during the audit.

Lt. Governor Heck inquired about statements in the Economic Outlook portion of the Audit Report. Mr. Cook stated that the statements were provided by Authority staff. Mr. Cook stated that fewer new money financings are a trend that has occurred in the last two years. He added that while there aren't many new money projects being done, there have been refundings that have resulted in more advantageous rates for our borrowers.

Given market uncertainties, the Lt. Governor inquired about the Authority's future projects. Mr. Cook stated that it is up to the schools to decide when they want to do a financing. He also mentioned that many of the Authority's

member institutions work with financial advisors. Mr. Belton shared his insights about the issue from the school's perspective.

Mr. Cook commended Moss Adams and Authority staff, Mr. Loranger, for a smooth audit process. He then reminded the board to read Notes 1 and 2, which discuss the Authority and its major accounting policies.

Mr. Cohen asked for a motion to accept the final Audit Report. Lt. Governor Heck made the motion, and it was seconded by Dr. Sharratt. The final audit was accepted unanimously, 5-0.

**Action Item:
Approval of
the Financial
Statement**

Mr. Cohen asked Mr. Cook to present the financial statement for consideration.

Mr. Cook stated that the unaudited financial statement for the period ending September 30, 2021 shows assets of just over \$1 million and approximately \$70,000 of liabilities, leaving just over \$1 million in net assets.

Mr. Cook stated that the invoice from the Housing Finance Commission covering April 2021 through September 2021, totaling over \$148,000, has been approved by Board Treasurer, Dr. Sharratt.

Lt. Governor Heck moved approval of the financial statements, and it was seconded by Mr. Belton. The motion was accepted unanimously, 5-0.

**Market
Update**

Mr. Cohen introduced Mr. Toepfer to present the market update.

Mr. Toepfer reported that the Federal Reserve decided to reduce monthly bond purchases by \$15 billion dollars. He discussed current inflation as well as potential rate hikes in the future.

Mr. Toepfer stated that the unemployment rate has lowered to 4.6%.

Mr. Toepfer presented a graph that outlined how the tax-exempt market prices bonds. He stated that short-term interest rates are starting to increase.

Mr. Toepfer showed a comparison between tax-exempt and taxable interest rates over the last year. He noted that interest rates have been volatile in the previous year. He then presented a historical overview of interest rates.

Mr. Toepfer said that municipal market supply is still lower than a year ago. He added that less competition in the market is a good thing.

Lt. Governor Heck inquired about the future of municipal bond issuance following the passage of the Infrastructure Investment and Jobs Act. Mr. Toepfer stated that, while there are many unanswered questions about the infrastructure bill, he believes that having an additional funding source is a good thing. They do not yet have a true assessment of what this will bring to the market.

Mr. Toepfer showed a consensus forecast from numerous financial institutions as reported by Bloomberg.

Ms. Minato inquired about the market conditions that led to the supply shift from May to July 2020. Mr. Toepfer outlined some of the reasons for the shift in market supply.

Mr. Cohen introduced Ms. Monillas to present an overview of the new WHEFA website.

**Introduction of
the New
WHEFA
Website**

Ms. Monillas presented the new website and discussed some of its highlights. She stated that the Authority had received numerous compliments on the new website.

**Bond Issue
Status Report**

Mr. Cohen asked Mr. Edwards to present the Bond Issue Status Report.

Mr. Edwards expressed his appreciation for being a member of the Authority staff and serving the board.

Mr. Edwards stated that with the approval of the financing resolutions for Whitworth University and Whitman College, these transactions will now proceed to closing.

Mr. Edwards stated that the next potential bond transactions are as follows: \$20 million in new money for Pacific Northwest University of Health Sciences' Student Learning Collaborative building; and a \$37 million refunding for University of Puget Sound.

Mr. Edwards stated that the Whitman College bond, which is scheduled to close on November 30, 2021, will be the first closed bond issue of the current fiscal year, followed by the Whitman University bond, which is scheduled to close on January 4, 2022.

**Executive
Director's
Report**

Mr. Cohen then asked Mr. Walker to present the Executive Director's report.

Mr. Walker summarized the Authority's member colleges and universities' leadership turnover.

Mr. Walker reported that with the assistance of the Authority, the final savings letter prepared by Stifel for the University of Puget Sound transaction that closed in June showed the University saved over \$2.8 million.

Mr. Walker gave a summary of relevant articles in the board meeting packet. He added the next board meetings are scheduled for February 3 and May 5, 2022. He noted that if there is no business to conduct, the meeting will be cancelled.

Adjournment

Mr. Cohen adjourned the meeting at 2:18 p.m.

Mr. Jerome Cohen, Secretary

Date

TAB 2



MEMORANDUM

DATE: February 18, 2022
TO: Authority Members
FROM: Carol Johnson
CC: Steve Walker, Rona Monillas, Lucas Loranger
RE: **Election of Secretary and Treasurer**

Background:

The Secretary acts as chair of the Board when the Governor is not present. In addition to acting as chair, the Secretary may also be required to sign documents from time to time for the Authority. The position is open to any member of the Board, and there is no statutory limit on the number of times a member can hold the position.

The statute reads:

The Governor shall serve as chairperson of the Authority. The Authority shall elect annually one of its members as secretary. If the governor shall be absent from a meeting of the Authority, the secretary shall preside. RCW 28B.07.030 (3)

In addition, the Authority has chosen in the past to elect a Treasurer. The Treasurer is elected to assure that there is specific Board attention to the financial affairs of the Authority. This position is usually elected at the same meeting in which the Secretary is elected.

The elected officer positions are currently held by Jerome Cohen as Secretary and Gene Sharatt as Treasurer.

Action:

The Board is required by statute to elect a secretary from among its members and may choose to elect a treasurer. Both positions serve for a one-year term.

Staff recommends that both positions be filled. For these positions, a simple majority vote is required by the members in attendance.

TAB 3



SUMMARY PROJECT DESCRIPTION

Gonzaga University – Series 2022 & Series 2023

Gonzaga University

502 E. Boone Avenue

Spokane, Washington

BOND ISSUE NAME

- Tax-Exempt Revenue Bonds (Gonzaga University Project), Series 2022
- Tax-Exempt Refunding Revenue Bonds (Gonzaga University Project), Series 2023 (Forward Delivery)

PURPOSE

The **Series 2022 bonds** will finance or reimburse the University for costs associated with the planning, design, construction, installation, improvement and furnishing of capital facilities located on the University's campus which may include construction of and/or improvements to student housing.

The **Series 2023 forward delivery bonds** will refinance the University's existing Series 2013A bonds when they are callable in 2023. The 2013 bonds being refinanced were issued to finance the construction of and improvements to educational facilities located on the University's campus.

Proceeds of the Bonds may also be used to finance other costs, fees, reserves, capitalized interest and permitted issuance expenses associated with the Project.

Official Intent Declaration #	22-W01
Application	Received on January 28, 2022 Reviewed and accepted by staff on February 18, 2022
Public Hearing	February 16, 2022
Resolution	Resolution #22-01 - Currently before the Board for consideration

FINANCING SUMMARY

Type:	Bank Private Placement
Estimated Bond Amount	Not to exceed \$47,000,000
Bond Structure	Fixed
Lender	Morgan Stanley
Trustee	US Bank Corporate Trust Services
Closing Date	March 29, 2022

DISTRIBUTION OF PROCEEDS

- The majority of the proceeds will be used for refinancing the 2013A bonds. The outstanding par amount of those bonds is \$33 million with a par call date in April 2023.
- \$10 million dollars in new money proceeds will be used for campus improvements, the majority which will be for student housing related projects.

BOND SIZING

- 2022 Revenue Bonds – Up to \$11.5 Million, sized to deliver net new project funds of up to \$10 Million.
- 2023 Refunding Revenue Bonds - \$27.6 Million to \$36.5 Million, forward delivery, sized to redeem \$33 Million of 2013A bonds.

PROPOSED SECURITY

Bonds will be secured on parity with all senior debt obligations of the University, including, but not limited to, a security interest in the pledged revenues of the University.

RATING

Moody's Credit Opinion for the University was published in September 2019 and the "A2" rating with stable outlook was affirmed in August 2021. Fitch affirmed the University's "A+" rating in November 2021.

INTEREST RATE SAVINGS

The net present value savings for the refunding bonds (2023) is estimated at \$8 Million over the 20-year term. The interest rate on the 2013A bonds is currently 5.25%. An analysis as of February 22 assumes an estimated refunding rate of 3.43%. This rate may change prior to locking in rates.

MASTER PLAN

The University is in the preliminary stages of a campus housing master plan, which will include phases for renovation and construction of housing for the next 10 years. The University expects it will commence efforts in FY 22/23 to design housing projects informed by this plan

STUDENT POPULATIONS/ENROLLMENT

	ACTUAL				PROJECTED		
	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024
Institutional Enrollment							
Undergraduate FTE ¹	5,687	5,585	5,160	5,253	5,300	5,300	5,300
Graduate FTE ²	1,647	1,726	1,772	1,827	1,850	1,850	1,850
Freshmen							
Applications Received	8,402	9,310	8410	8853	*	*	*
Acceptances	5,513	5,745	6129	6742	*	*	*
Students Matriculated	1,196	1,249	1,052	1,311	1,300	1,300	1,300
Transfers							
Applications Received	413	342	384	396	*	*	*
Acceptances	274	216	245	285	*	*	*
Students Matriculated	136	107	126	163	125	125	125

1 FTE is determined by the number of credit hours enrolled divided by the appropriate average credit load of a particular student type.

2 Graduate headcount includes law and doctoral.

* Unknown. No significant upward or downward changes are expected.



North Slope Capital Advisors

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303-953-4101
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Ms. Carol Johnson
Manager
Washington Higher Education Facilities Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Dear Ms. Johnson,

On behalf of the Washington Higher Education Facilities Authority (the "Authority") and the institutions who borrow through the Authority, we have calculated the estimated interest savings that result from issuing tax-exempt bonds through the Authority, compared to the interest cost of comparable taxable rates. The purpose is to quantify the benefit of issuing tax-exempt debt through the Authority and determine the benefit to Gonzaga University (the "University").

Gonzaga University is seeking approval for a tax-exempt bond issuance to refinance the callable maturities of its Revenue Bonds, Series 2013A (the "2013A Bonds") for debt service savings via a forward delivery bond to be purchased by Morgan Stanley and delivered on January 11, 2023. The 2013A Bonds become callable on April 1, 2023 (callable par amount of \$33,000,000). In addition, the University is considering the issuance of up to \$10,000,000 in tax-exempt debt to finance improvements to its student housing stock. This new money series will also be purchased by Morgan Stanley and is expected to be delivered on March 29, 2022.

Consistent with the debt service schedule provided in the University's application, our analysis assumes the following:

- Refunding of the callable maturities of the Series 2013A Bonds (and accrued interest)
- Up to \$10,000,000 of funding provided for the student housing improvement project
- Coupon/yield structure: 4.00% / 2.940% (tax-exempt, current delivery); 4.00% / 1.54%-3.49% (tax-exempt, forward delivery), 2.00% - 4.15% at par (taxable)
- Similar costs of issuance and underwriter's discount
- Final maturity in 25 years (April 1, 2047)
- Refunding debt structured to achieve approximately proportional savings in each year
- New money debt structured with a single maturity in 2047
- Market conditions as February 17th, 2022

North Slope Capital Advisors calculated the net present value savings by comparing the tax-exempt and taxable debt service schedules and discounting the difference at 3.30% (the blended cost of capital on the proposed 2022 and 2023 Bonds). In addition to the assumptions described above, this analysis assumes the bonds remain outstanding until final maturity at the interest rates described above. Early redemption, or any other material changes to the bonds, could result in a material deviation from the figures shown below.

Estimated Nominal Cash Flow Savings
\$9,175,000

Estimated PV Cash Flow Savings
\$5,030,000

Representatives of North Slope Capital Advisors will participate in the scheduled March 4th Authority Board meeting to discuss the benefit to the University from using Authority issued bonds. If you have any questions or comments prior to the meeting, please contact us at (303) 953-4101.

Sincerely,

Steph Chichester
President

Nick Taylor
Managing Director

TAB 4

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 22-01

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of two series of nonrecourse revenue and refunding revenue bonds in an aggregate principal amount of not to exceed \$47,000,000 to refund certain outstanding bonds and to finance the construction of and improvements to facilities on the campus of The Corporation of Gonzaga University; delegating to the Executive Director of the Authority the authority to approve the placement and sale of the bonds to Morgan Stanley Bank, N.A.; approving the form of indenture of trust, loan agreement, bond purchase contract and forward delivery bond purchase contract; and authorizing the officers and Executive Director of the Authority to amend and execute such documents and other related documents.

APPROVED ON MARCH 4, 2022

PREPARED BY:

PACIFICA LAW GROUP LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

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* This table of contents is not a part of the resolution; it is included for convenience of the reader only.

RESOLUTION NO. 22-01

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of two series of nonrecourse revenue and refunding revenue bonds in an aggregate principal amount of not to exceed \$47,000,000 to refund certain outstanding bonds and to finance the construction of and improvements to facilities on the campus of The Corporation of Gonzaga University; delegating to the Executive Director of the Authority the authority to approve the placement and sale of the bonds to Morgan Stanley Bank, N.A.; approving the form of indenture of trust, loan agreement, bond purchase contract and forward delivery bond purchase contract; and authorizing the officers and Executive Director of the Authority to amend and execute such documents and other related documents.

WHEREAS, the Washington Higher Education Facilities Authority, a public body corporate and politic of the State of Washington (the “Authority”), has been duly constituted pursuant to the authority and procedures of chapter 28B.07 of the Revised Code of Washington (the “Act”); and

WHEREAS, pursuant to the Act the Authority is authorized to issue its nonrecourse revenue bonds for the purpose of financing or refinancing all or a part of the “project costs” of “higher education institutions” as such terms are defined in the Act; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the “Code”), grants an exemption from gross income for federal income tax purposes of interest paid on bonds where the proceeds thereof are used to finance facilities owned and operated by corporations described under Section 501(c)(3) of the Code; and

WHEREAS, The Corporation of Gonzaga University (the “University”) is a private, nonprofit higher education institution meeting the requirements of the Act and a corporation described under Section 501(c)(3) of the Code; and

WHEREAS, the Authority has previously issued its Revenue Bonds (Gonzaga University Project), Series 2013A (the “2013A Bonds”) for the benefit of the University and loaned the proceeds of the 2013A Bonds to the University for the purpose of financing certain capital projects of the University; and

WHEREAS, the University has submitted an application to the Authority to provide a portion of the funds necessary (1) to finance the planning, design, construction, installation, acquisition and equipping of facilities located on the University’s campus, which may include the construction of or improvements to student housing; (2) to defease and refund the 2013A Bonds; and (3) to pay certain expenses incurred in connection with the issuance of the Bonds (together, the “Project”); and

WHEREAS, it is desirable for the Authority to provide the University with financing for the Project through (1) the issuance of its Washington Higher Education Facilities Authority Revenue Bonds (Gonzaga University Project), Series 2022 (the “2022 Bonds”) and Refunding Revenue Bonds (Gonzaga University Project), Series 2023 (Forward Delivery) (the “2023 Bonds,” and together with the 2022 Bonds, the “Bonds”) in an aggregate principal amount of not to exceed \$47,000,000 and (2) loaning the proceeds of the Bonds to the University pursuant to a Loan Agreement (as hereinafter defined) for purpose of financing the Project; and

WHEREAS, the Bonds are expected initially to be unrated and will be sold with terms consistent with and in furtherance of the Authority’s policy for unrated bonds until such rating(s) are received; and

WHEREAS, the Authority has received a preliminary offer to purchase the Bonds in a private placement from Morgan Stanley Bank, N.A. (the “Bonds Purchaser”) pursuant to a Bond Purchase Contract with respect to the 2022 Bonds (the “Bond Purchase Contract”) and a Forward

Delivery Bond Purchase Contract with respect to the 2023 Bonds (the “Forward Delivery Purchase Contract,” and together with the Bond Purchase Contract, the “Purchase Contracts”);

NOW, THEREFORE, BE IT RESOLVED by the Washington Higher Education Facilities Authority as follows:

Section 1. Definitions. Unless otherwise defined in this resolution, capitalized terms used herein shall have the meanings set forth in the following documents filed with the Executive Director of the Authority: the Indenture of Trust (the “Indenture”) between the Authority and U.S. Bank Trust Company, National Association (the “Trustee”), and the Loan Agreement, among the Authority, the Trustee and the University (the “Loan Agreement”).

Section 2. Findings. The University has submitted an application to the Authority which has been reviewed and analyzed by the Authority and Authority staff. The Authority has determined, upon the recommendation of the Authority staff, that the financing of the Project will benefit the higher education system; that the University can reasonably be expected to successfully complete the Project; that the Project and the issuance of the Bonds are economically feasible and can be undertaken on terms economically satisfactory to the Authority; that the Project will carry out the purposes and policies of the Act; and that the University has reasonably satisfied the requirements of the Act and the regulations of the Authority promulgated thereunder.

Section 3. Authorization of Bonds; Refunding. The Authority hereby authorizes the issuance and sale of its nonrecourse revenue bonds to be designated “Washington Higher Education Facilities Authority Revenue Bonds (Gonzaga University Project), Series 2022” (the “2022 Bonds”) and “Refunding Revenue Bonds (Gonzaga University Project), Series 2023 (Forward Delivery)” (the “2023 Bonds,” and together with the 2022 Bonds, the “Bonds”) or

other series designation determined to be necessary by the Executive Director of the Authority, in the aggregate principal amount of not to exceed \$47,000,000, pursuant to and in accordance with the provisions of the Act, the Code, the Indenture and this resolution.

The Authority further authorizes the refunding of the 2013A Bonds with proceeds of the 2023 Bonds and with other funds available to the University as provided in the Indenture, Loan Agreement, and an Escrow Deposit Agreement among the Authority, U.S. Bank Trust Company, National Association, as escrow agent, and the University (the “Escrow Deposit Agreement”).

Section 4. Approval of Documents. The Authority hereby accepts, approves and agrees to the execution and delivery and to all the terms and conditions of the Indenture and the Loan Agreement, pertaining to it in substantially the forms on file with the Authority, including the forms of exhibits thereto, and with such additions, deletions and modifications as hereafter are deemed by the Executive Director or the Secretary of the Authority to be in the best interests of the Authority and approved by the University. The Indenture will authorize, *inter alia*, the sale, execution, issuance and delivery of the Bonds and will be in substantially the form on file with the Authority. The Authority also accepts, approves and agrees to the execution and delivery of the Escrow Deposit Agreement and all other certificates, documents and other papers which, in the judgment of the Executive Director or the Secretary of the Authority, are necessary to the sale, execution, issuance and delivery of the Bonds, the loan of the proceeds from the issuance and sale of the Bonds to the University, the financing of the Project and the exemption of interest on the Bonds from federal taxation pursuant to the Code.

Section 5. Authorization to Execute and Deliver Documents and Bonds. The Chair, the Executive Director and the Secretary of the Authority, or any one of such persons, hereby are authorized and directed to cause the Indenture and the Loan Agreement to be appropriately dated

and to execute, for and on behalf of the Authority, the Indenture and Loan Agreement, together with any exhibits attached thereto and documents contemplated therein. Such individuals are each authorized to approve such changes, additions, deletions and modifications to such documents as are hereafter deemed to be necessary and/or to be in the best interest of the Authority and the University. The Chair and the Secretary or Executive Director of the Authority hereby are authorized and directed to execute, for and on behalf of the Authority, the Bonds, in substantially the form set forth in the Indenture. Such officers are hereby authorized to execute on behalf of the Authority any additional certificates, documents or other papers which are necessary to the sale, execution, issuance and delivery of the Bonds and the refunding of the 2013A Bonds.

Section 6. Sale of the Bonds. The Authority hereby authorizes and approves the private placement and sale of the 2022 Bonds to the Bonds Purchaser, in accordance with the terms and conditions set forth in the Bond Purchase Contract. The Authority hereby authorizes and approves the private placement and sale of the 2023 Bonds to the Bonds Purchaser, in accordance with the terms and conditions set forth in the Forward Delivery Purchase Contract.

The Authority hereby delegates to the Executive Director the authority to execute the Bond Purchase Contract and the Forward Delivery Purchase Contract on behalf of the Authority in substantially the forms filed with the Authority, subject to the following limitations: (a) the aggregate principal amount of the Bonds shall not exceed \$47,000,000; (b) the true interest cost (in the aggregate) on the Bonds does not exceed 6.00%; (c) the Purchase Contracts shall be executed prior to July 31, 2022; and (d) the final terms of the Purchase Contracts shall otherwise be in furtherance of the Act.

Section 7. Execution of Resolution in Counterparts. This resolution may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original; and such counterparts together shall constitute one and the same instrument.

Section 8. Executive Director. The Deputy Director is hereby authorized to act on behalf of the Executive Director for all purposes of this resolution if it is necessary or desirable to accomplish the purposes hereof.

Section 9. Effective Date. This resolution shall become effective immediately upon its passage and execution by a majority of the members of the Authority at a duly constituted meeting.

ADOPTED at an open public meeting duly noticed and called this 4th day of March, 2022.

WASHINGTON HIGHER EDUCATION
FACILITIES AUTHORITY

David Schumacher, Designee for
Jay Inslee, Governor, Member and Chair

The Honorable Denny Heck,
Lieutenant Governor and Member

Michael Meotti, Executive Director of the
Washington Student Achievement Council
and Member

Jasmine Minato, Public Member

Allan Belton, Public Member

Dr. Gene Sharratt, Public Member

Jerome O. Cohen, Public Member

TAB 5



February 17, 2022

Members
Washington Higher Education Facility Authority
Seattle, Washington

We have compiled the UNAUDITED Statement of Net Position of the Washington State Higher Education Facilities Authority (the "Authority") General Operating Fund, as of December 31, 2021 and the related statement of Activities and Changes in Net Position for the month ended in accordance with generally accepted accounting principles.

This compilation is limited to presenting, in the form of financial statements, information that is accurate to the best of our knowledge and belief. These statements have not been audited or reviewed by an independent third party.

We have elected to omit substantially all of the disclosures required by generally accepted accounting principles including the statement of cash flow. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the Authority's financial position, results of operations and changes in financial position. Accordingly, these financial statements are not designed for those who are not informed about these matters.

Prepared by: Shirleen Noonan
Shirleen Noonan
General Operations Manager

Approved by: Lucas Loranger
Lucas Loranger
Senior Controller

Governor Jay Inslee, *Chair*
Steve Walker, *Executive Director*



WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY
GENERAL OPERATING FUND

December 31, 2021

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(See Accountant's Compilation Report)

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Washington Higher Education Facilities Authority
Statement of Net Position
Fund: General Operating Fund
Division: All
December 31, 2021

(See Accountant's Compilation Report)

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>	
			<u>Amount</u>	<u>%</u>
<i>ASSETS</i>				
Cash and Cash Equivalents:				
Demand Deposits	\$ 22,204	\$ 5,864	\$ 16,340	279%
Money Market Accounts	1,003,573	1,209,422	(205,849)	-17%
Prepaid Expenses & Other Receivable	8,861	10,476	(1,618) (1)	-15%
<i>Total Assets</i>	<u>\$ 1,034,638</u>	<u>\$ 1,225,765</u>	<u>\$ (191,127)</u>	<u>-16%</u>
<i>LIABILITIES</i>				
Accounts Payable and Other Liabilities	\$ 89,628	\$ 79,376	\$ 10,252 (2)	13%
<i>Total Liabilities</i>	<u>89,628</u>	<u>79,376</u>	<u>10,252</u>	<u>13%</u>
<i>NET POSITION</i>				
Unrestricted	945,010	1,146,389	(201,379)	-18%
Total Net Position	<u>945,010</u>	<u>1,146,389</u>	<u>(201,379)</u>	<u>-18%</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 1,034,638</u>	<u>\$ 1,225,765</u>	<u>\$ (191,127)</u>	<u>-16%</u>

(1) The decrease in prepaids is due to reduced balances related to usage of airfare credits, plus the continued amortization of a four-year bond buyer subscription.

(2) The increase in payables is primarily due to the timing of the final invoice payment for the annual external audit.

Washington Higher Education Facilities Authority
Statement of Activities and Changes in Net Position
Fund: General Operating Fund
Division: All
For The Year To Date Ending: December 31, 2021
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance		
				Amount	%	
<i>Revenues:</i>						
Fee Income	\$ -	\$ 80,081	\$ 72,138	\$ 7,943	(1)	11%
Interest Earned	82	560	1,405	(845)	(2)	-60%
<i>Total Unadjusted Revenues</i>	<u>82</u>	<u>80,641</u>	<u>73,544</u>	<u>7,097</u>		<u>10%</u>
<i>Expenses:</i>						
Salaries, Wages, and Employee Benefits	22,570	131,296	138,917	(7,621)		-5%
Travel & Conferences	-	3,344	4,767	(1,423)	(3)	-30%
Professional Fees	688	34,496	39,160	(4,664)	(4)	-12%
Office Expense	3,592	22,770	25,989	(3,219)	(5)	-12%
<i>Total Expenses</i>	<u>26,850</u>	<u>191,906</u>	<u>208,832</u>	<u>(16,926)</u>		<u>-8%</u>
(Deficit) Excess of Revenues over Expenses	<u>(26,768)</u>	<u>(111,265)</u>	<u>(135,288)</u>	<u>24,023</u>		<u>-18%</u>
<i>Net Position</i>						
Total net position, beginning of period	971,778	1,056,275	1,281,677	(225,402)		-18%
Current Increase (Decrease) to Net Position	<u>(26,768)</u>	<u>(111,265)</u>	<u>(135,288)</u>	<u>24,023</u>		<u>-18%</u>
Total net position, end of year	<u>\$ 945,010</u>	<u>\$ 945,010</u>	<u>\$ 1,146,389</u>	<u>\$ (201,379)</u>		<u>-18%</u>

- (1) Increase in fee income is primarily due to application fee revenue for an additional bond issuance compared to the prior year.
- (2) The decrease in interest income is primarily due to a lower market yield in the current period of .09% compared to the same period in the prior year of .16%.
- (3) The higher conference/training expense in the prior year is primarily related to training expenses for the design of a new organization logo.
- (4) The decrease in professional fees is primarily due to reduced legal expenses in the current year.
- (5) The lower office expense in the current year is primarily due to the prior year write-off of an uncollectible student loan from 2007.

Washington Higher Education Facilities Authority
Detailed Statement of Activities
Fund: General Operating Fund
Division: All
For The Year To Date Ending: December 31, 2021
(See Accountant's Compilation Report)

	Variance-YTD vs. PY Actuals		Prior YTD	YTD	YTD	Variance-YTD Budget to Actual	
	%	Amount	Actual	Actual	Budget	Amount	%
<i>Revenues:</i>							
Issuance & Application Fees	11%	7,943	72,138	80,081	18,750	61,331	327.1%
Interest Revenue	-60%	(845)	1,405	560	4,962	(4,402)	-88.7%
Total Unadjusted Revenues	9.7%	7,098	73,544	80,641	23,712	56,929	240.1%
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	-4%	(4,402)	105,097	100,695	142,317	(41,622)	-29%
Employee Benefits - Staff	-9.5%	(3,220)	33,821	30,601	37,722	(7,121)	-18.9%
Conference, Education & Training	-51.0%	(2,103)	4,127	2,024	3,700	(1,676)	-45.3%
Travel out of state - Staff	106.3%	680	640	1,320	8,906	(7,586)	-85.2%
Accounting Fees	-2.3%	(770)	32,770	32,000	41,643	(9,643)	-23.2%
Legal Fees	-60.9%	(3,894)	6,390	2,496	4,750	(2,254)	-47.5%
Financial Advisor Fees	NA	-	-	-	1,000	(1,000)	-100.0%
Office Rent/Conf. Room Rentals	14.8%	802	5,421	6,223	7,900	(1,677)	-21.2%
Furniture & Equipment Rental	-38.1%	(140)	367	227	268	(41)	-15.3%
Publications/ Subscriptions/ Dues	0.0%	(1)	2,214	2,213	2,225	(12)	-0.5%
Deliveries	-38.4%	(112)	292	180	300	(120)	-40.0%
Insurance	-2.4%	(164)	6,718	6,554	7,346	(792)	-10.8%
Meeting Expense	NA	-	-	-	1,325	(1,325)	-100.0%
Equipment & Building Maintenance	-19.6%	(54)	276	222	1,268	(1,046)	-82.5%
Software Maint. Support & Other Info Svcs	-3.3%	(142)	4,351	4,209	6,103	(1,894)	-31.0%
Postage	-87.5%	(7)	8	1	25	(24)	-96.0%
Printing	-45.1%	(171)	379	208	2,050	(1,842)	-89.9%
Supplies	100.0%	129	129	258	558	(300)	-53.8%
Telephone	64.1%	592	924	1,516	1,373	143	10.4%
Other Office Expenses	-21.5%	(202)	941	739	913	(174)	-19.1%
Varic Other Misc. Expenses	-94.1%	(3,484)	3,704	220	-	220	NA
Total Expenses	-8.1%	(16,927)	208,833	191,906	279,756	(87,850)	-31.4%
(Deficit) Excess of Revenues over Expenses	-17.8%	\$ 24,024	\$ (135,289)	\$ (111,265)	\$ (256,044)	\$ 144,779	-56.5%

TAB 6

Statement of Account

Washington Higher Education Facility Authority
Proration of costs between WHEFA and WSHFC
For the period October 1, 2021 - December 31, 2021

Month	Salaries & Benefits	Office Expenses ⁽¹⁾	Overhead ⁽²⁾	Total					
October	\$ 22,235.07	\$ 2,495.24	\$ 88.70	\$ 24,819.01					
November	24,421.77	1,732.01	71.49	26,225.27					
December	22,422.03	2,254.11	60.85	24,736.99					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Total Per Category</td> <td style="text-align: right; width: 15%;">\$ 69,078.87</td> <td style="text-align: right; width: 15%;">\$ 6,481.36</td> <td style="text-align: right; width: 15%;">\$ 221.04</td> <td style="text-align: right; width: 15%;">\$ 75,781.27</td> </tr> </table>					Total Per Category	\$ 69,078.87	\$ 6,481.36	\$ 221.04	\$ 75,781.27
Total Per Category	\$ 69,078.87	\$ 6,481.36	\$ 221.04	\$ 75,781.27					
Previous Balance at September 30, 2021				69,137.31					
Payments & Credit Memos (through December 31, 2021)				(69,137.31)					
Total Due to WSHFC:				\$ 75,781.27					

Please make checks payable to:

Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046

(1) Office Expenses are expenses paid by WSHFC on behalf of WHEFA and allocation of certain HFC expenses based on WHEFA salary hours as a percentage of total HFC salary hours.

(2) Overhead is the allocation of HFC's depreciation expense based on WHEFA salary hours as a percentage of total HFC salary hours.

Approval for Payment

DocuSigned by:

Gene Sharratt

428838282-123456...

Authority Board Member

TAB 7



Washington Higher Education Facilities Authority

Market Update

March 4, 2022

PFM Financial
Advisors LLC

107 Spring Street Seattle,
WA 98104

Thomas Toepfer
(206) 858.5360
toepfert@pfm.com

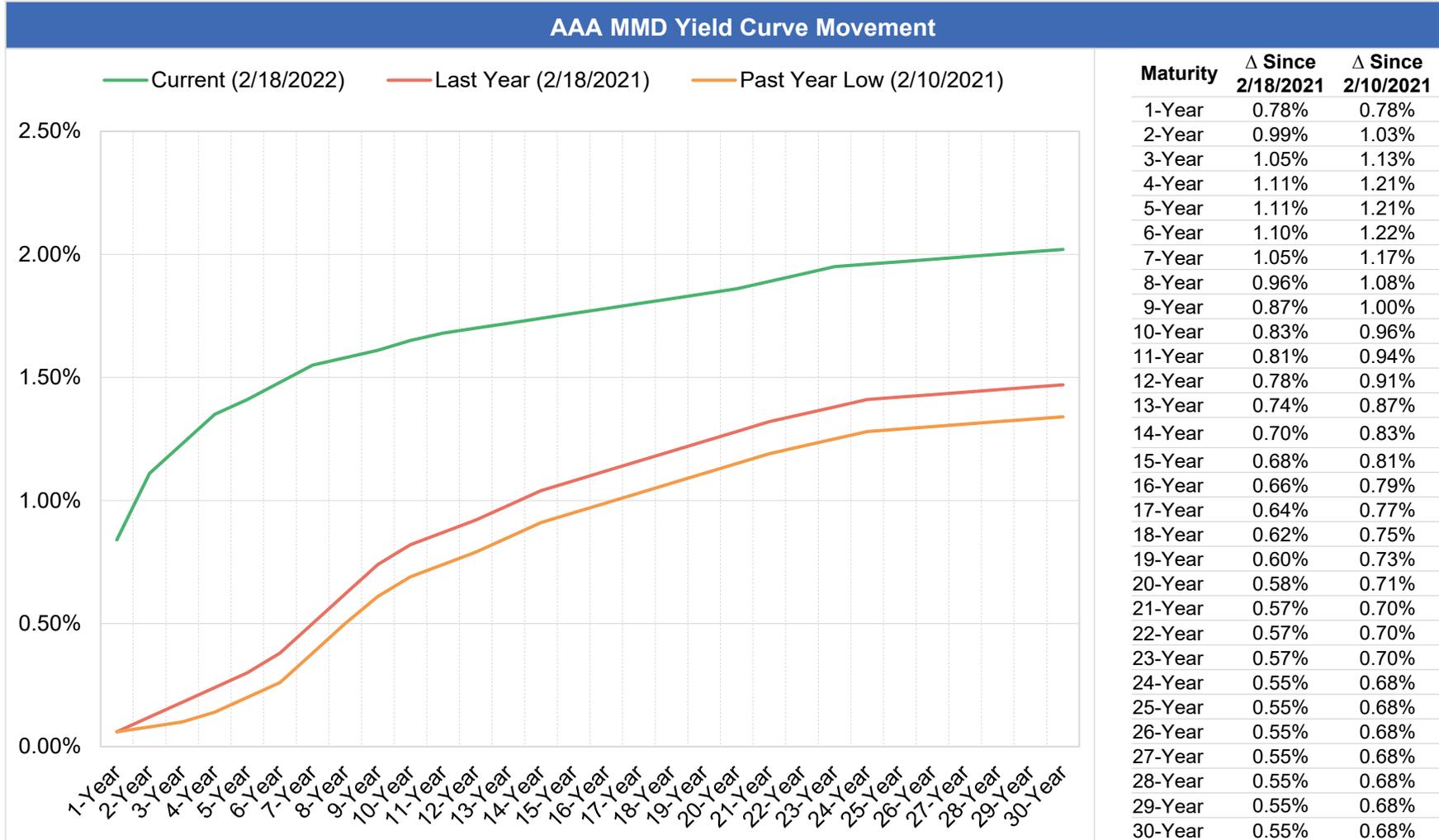


Market Recap

- **Geopolitical tension between Russia and Ukraine** sparked global bond yields to rapidly decrease in mid February. US Treasuries, Germany's Bund and Britain's Gilt long-term rates decreased due to a flight to safety and quality.
- **U.S. retail spending roared back to life at the start of the year**, surging by the most in 10 months and highlighting a steady appetite for merchandise like cars and furniture. The value of overall purchases rose 3.8% in January after a downwardly revised 2.5% drop in the prior month. The advance was nearly double the median estimate of 2%.
- **Inflation remains high**, the producer price index increased higher than expected. January saw an increase of 1% and a movement of 9.7% year over year. The Federal Reserve's FOMC January meeting minutes stated "if inflation does not move down as they expect, it would be appropriate for the committee to remove policy accommodation at a faster pace than they currently anticipate," and that "conditions would likely warrant beginning to reduce the size of the balance sheet sometime later this year."
- **The Great Resignation improved in most U.S. states in December** but worsened in eight, with Alaska, Virginia and Ohio seeing the largest increases in their quits rates. The quits rate — or the number of quits as a percent of total employment — fell in 36 states and the District of Columbia in the final month of 2021, according to Labor Department data. Six states saw no change.
- **The unceasing demand for U.S. real estate has pushed average home values over seven figures in hundreds of cities for the first time.** Homes valued at \$1 million or higher are now the norm in 481 U.S. cities, more than double the number just five years earlier. In 2021 alone, 146 cities reached that level, according to Zillow data released Wednesday. That's the most ever in a single year.



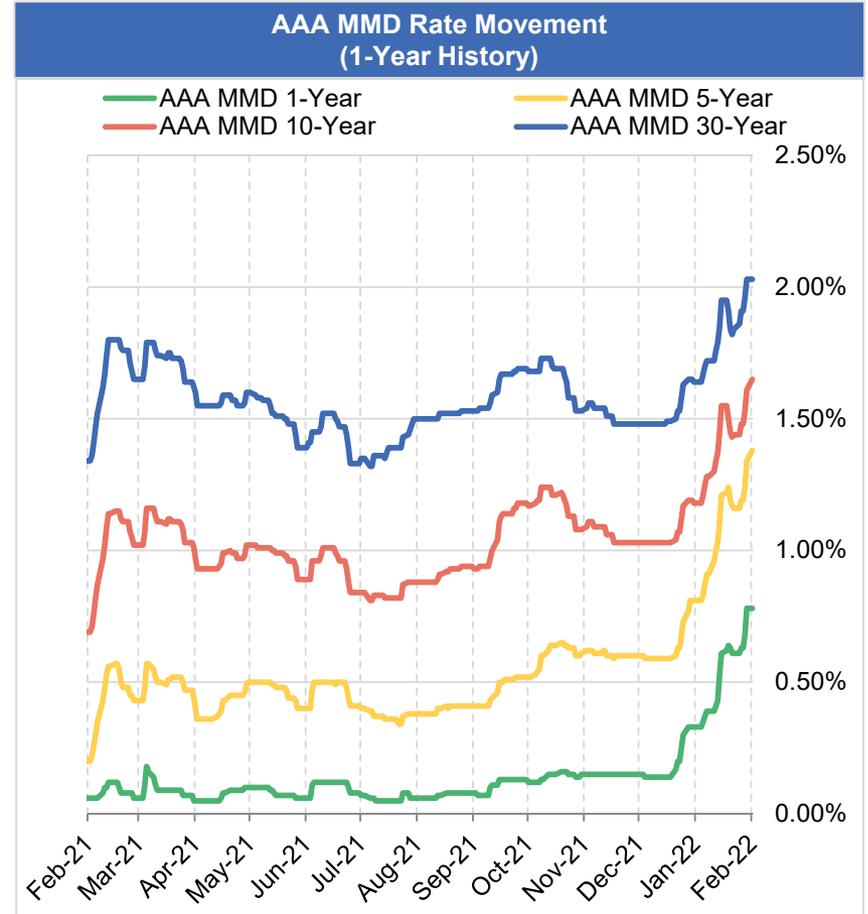
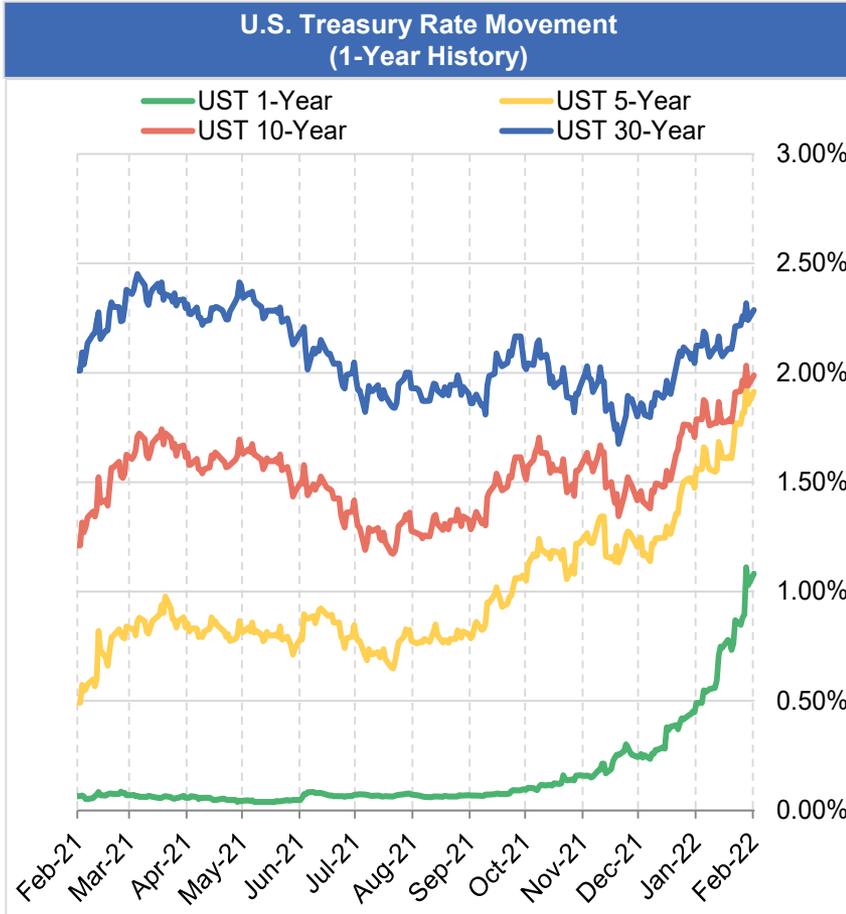
Recent AAA MMD Yield Curve Movement



Source: Thomson Reuters



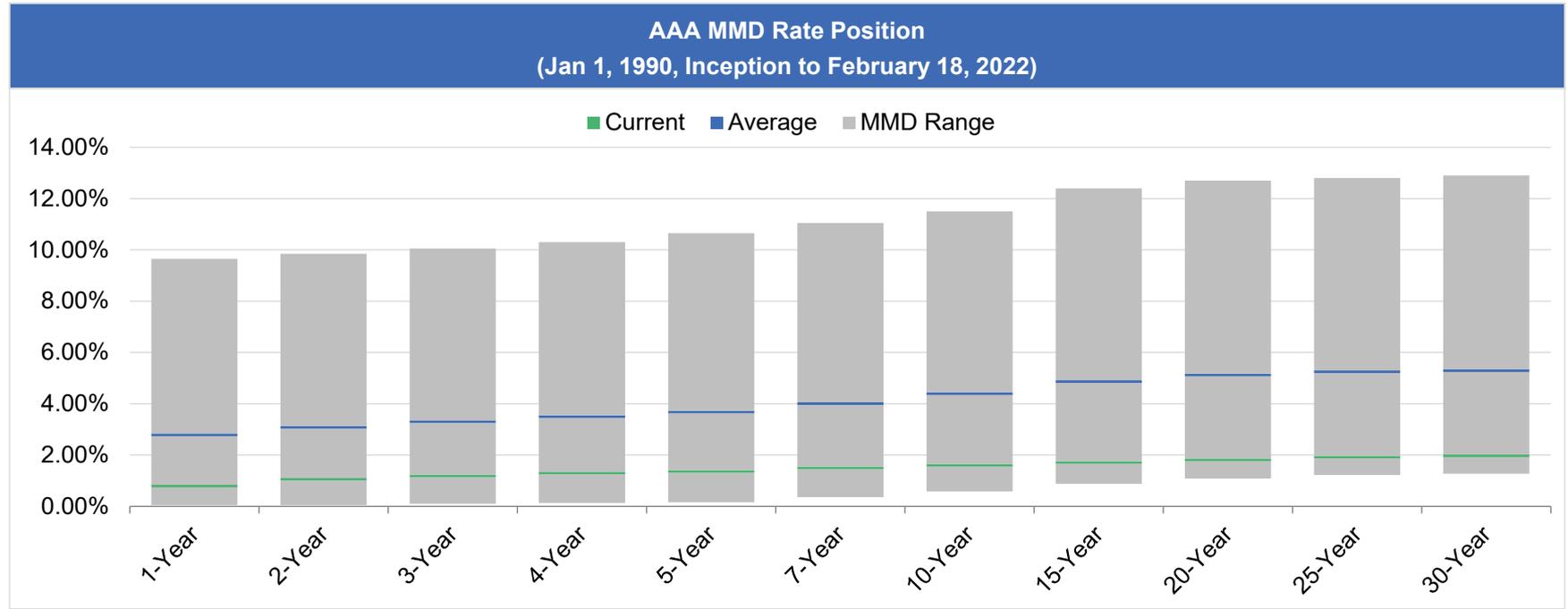
U.S. Treasury & AAA MMD Rate Movement



Source: Thomson Reuters



AAA MMD Position Since Inception



Summary of February 18, 2022 vs Historical U.S. TSY Rates

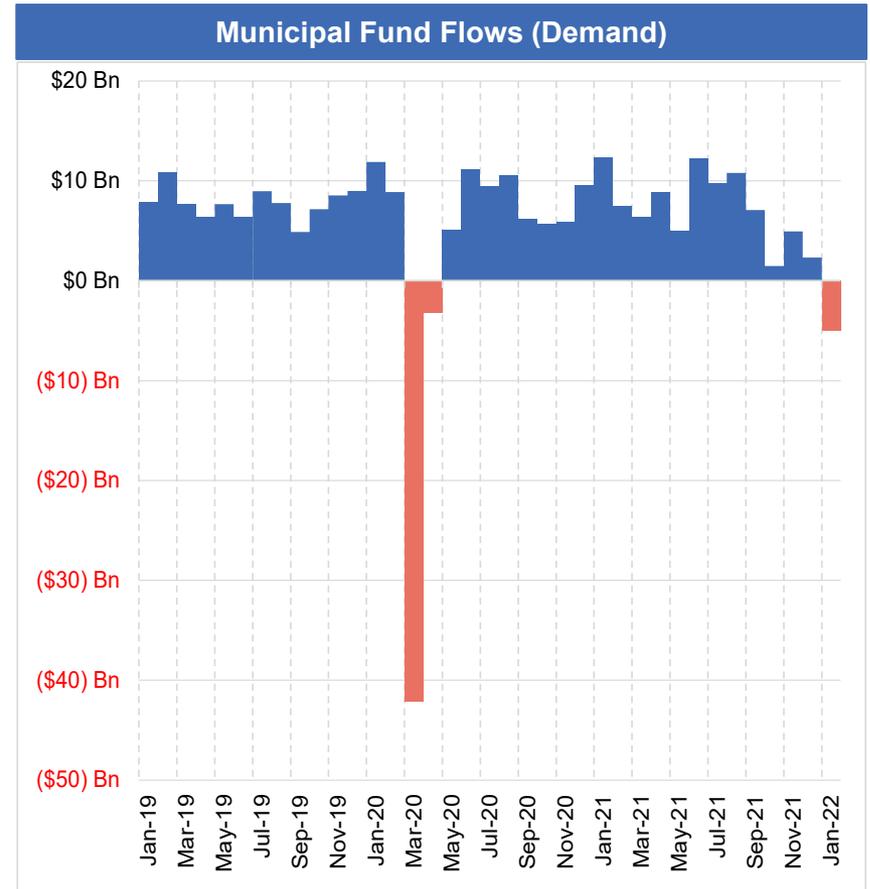
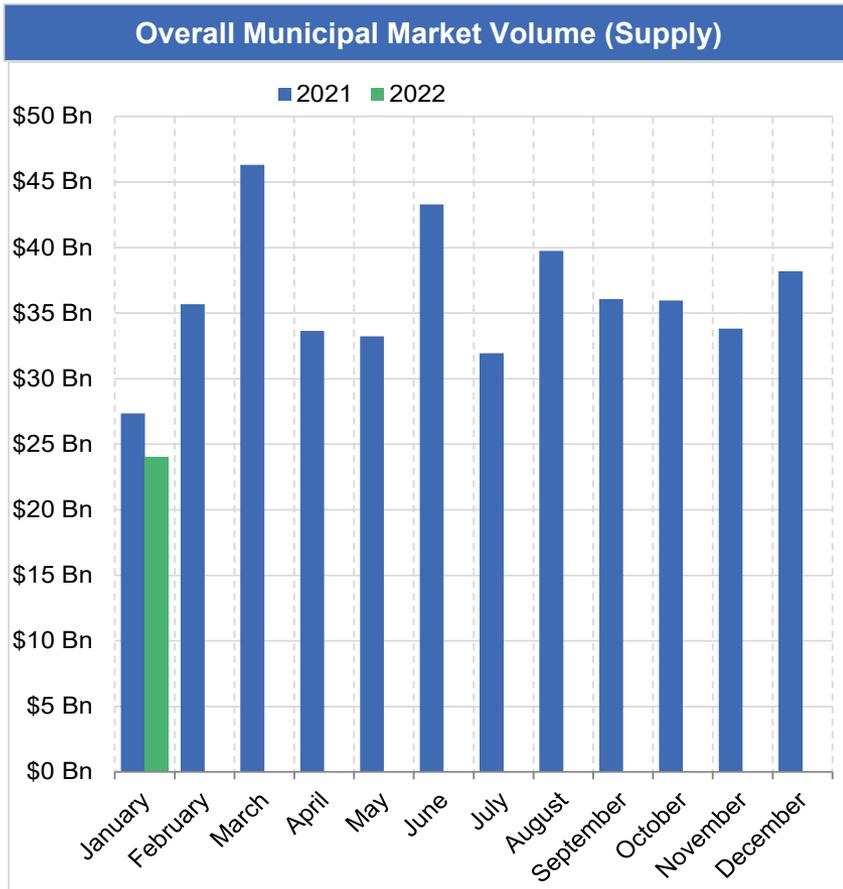
Spot	1-Year	2-Year	3-Year	4-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	30-Year
Current (2/18/2022)	0.84%	1.11%	1.23%	1.35%	1.41%	1.55%	1.65%	1.76%	1.86%	1.97%	2.02%
Historical Average	2.83%	3.13%	3.35%	3.55%	3.73%	4.06%	4.44%	4.91%	5.17%	5.30%	5.34%
Spread to Average	-1.99%	-2.02%	-2.12%	-2.20%	-2.32%	-2.51%	-2.79%	-3.15%	-3.31%	-3.33%	-3.32%
Min	0.05%	0.05%	0.10%	0.13%	0.16%	0.36%	0.58%	0.88%	1.08%	1.22%	1.27%
Max	9.65%	9.85%	10.05%	10.30%	10.65%	11.05%	11.50%	12.40%	12.70%	12.80%	12.90%
% of Time Lower	24.71%	26.59%	26.26%	24.53%	21.50%	13.72%	7.97%	6.07%	5.45%	5.36%	5.36%

Source: Thomson Reuters



Municipal Market Supply & Demand

- New issuance volume was down by 11% year-over-year in January.

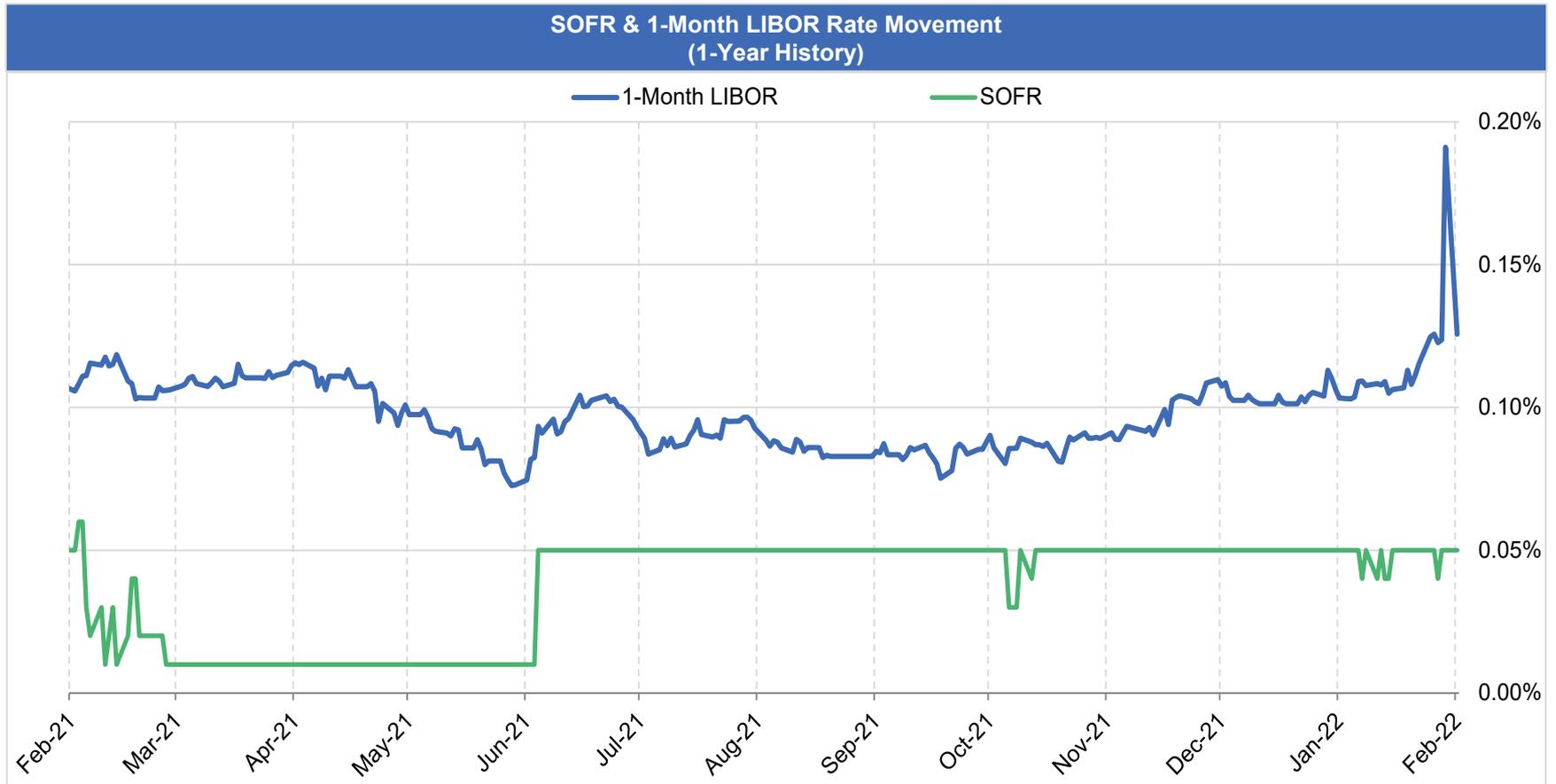


Source: Bond Buyer, Investment Company Institute



SOFR & 1-Month LIBOR Rate Movement

- SOFR has remained at near-0% levels (currently 0.05%). LIBOR has maintained sub-0.50% levels and currently stands at 0.13%.



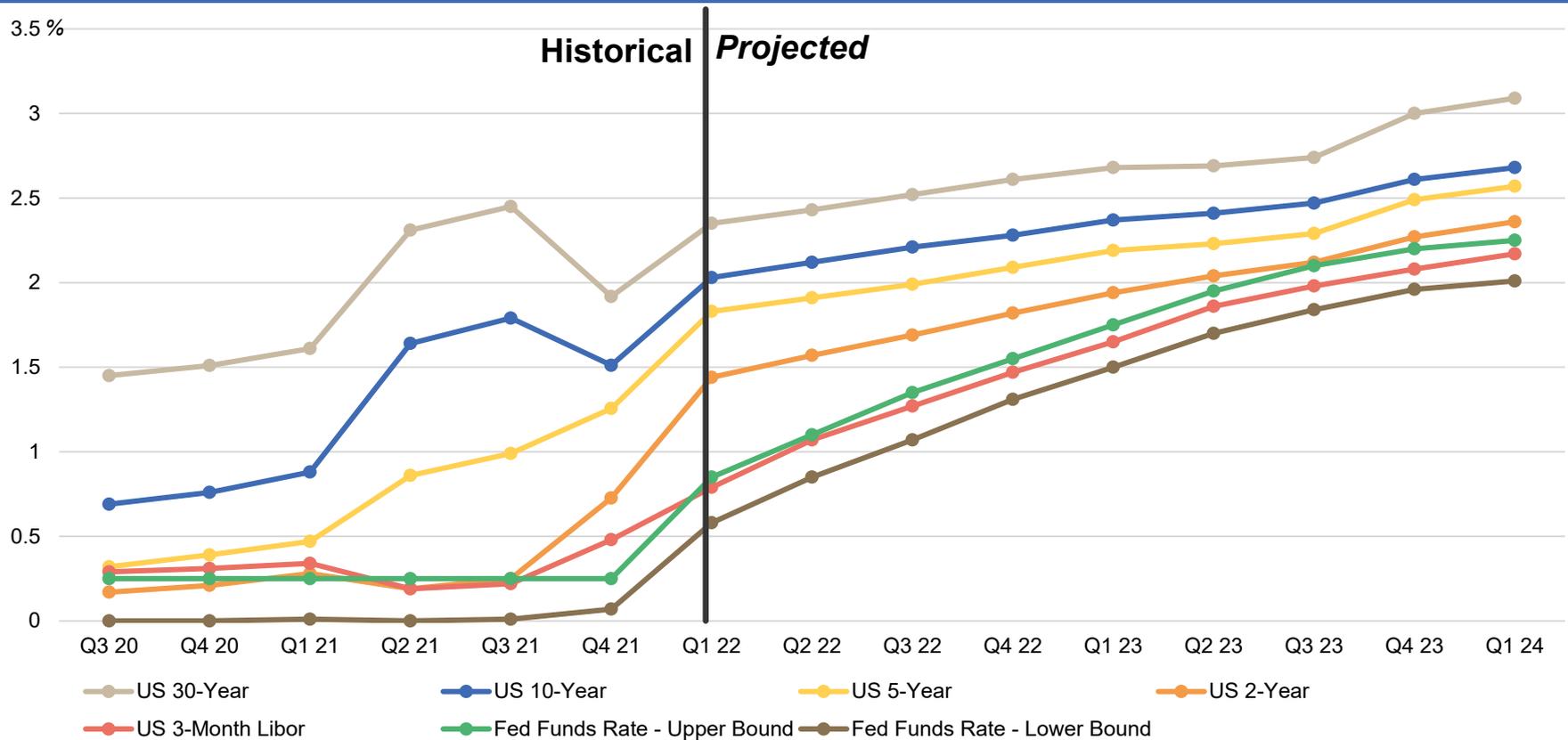
Source: Thomson Reuters



Market Update – Historical and Forecasted Interest Rates

The chart below shows consensus forecasts from numerous financial institutions as reported by Bloomberg

Quarterly Historical and Forecasted Interest Rates



TAB 8

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of February 18, 2022

	App Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
Pending and Potential Bond Issues - Fiscal Year 2021/2022														
Gonzaga Not to Exceed \$47,000,000 <i>GU 2022 - \$10 M New Money</i> <i>GU 2023 – Forward Delivery - +/- \$33 M Refunding of 2013A Bonds</i>	1/28/22	2/7/22	2/18/22	1/5/22 2/9/22	2/16/22	In Progress	2/18/22 2/25/22	TBD	1/19/22	3/4/22	3-7-22	Closing 3-29-22	Preliminary Present Value Savings \$5,030,000	Gonzaga FA North Slope Private Placement Morgan Stanley
Bastyr \$18,000,000 TBD <i>Refunding of 2012 Bonds</i>	Spring 2022 TBD	TBD	TBD	Spring 2022 TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	July 2022 TBD	Preliminary Present Value Savings TBD	Financial Advisor TBD Private Placement
PNWU \$20,000,000 <i>New Money for 80,000 SF Student Learning Collaborative</i>	2022 TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2022 TBD	Preliminary Present Value Savings TBD	Financial Advisor TBD

**Washington Higher Education Facilities Authority
Bond Issue Status Report
As of February 18, 2022**

	App Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
UPS \$37,000,000 <i>Refunding of 2021 B taxable to tax-exempt</i>	TBD	TBD	TBD	TBD	N/A	TBD	TBD	N/A	TBD	Fall 2022 TBD	TBD	Fall 2022 TBD	Preliminary Present Value Savings TBD	No Financial Advisor Private Placement Columbia Bank
Closed Bond Issues - Fiscal Year 2021/2022														
Whitman \$58,065,000 <i>2021A \$21,825,000 Refunding of 2008 Bonds</i> <i>2021B \$36,240,000 Taxable Refunding of 2004 Bonds</i>	9/22/21	9/23/21	10/15/21	9/22/21	10/12/21	Complete	10/20/21	Complete	11/5/21	11/10/21	11/18/21	11/30/21	Final Present Value Savings Series A \$1,635,007	No FA Public Sale
Whitworth \$18,540,000 <i>Refund 2012 \$5 million New Money for Innovation Lab</i>	9/1/21	9/2/21	10/6/21	9/7/21	10/7/21	Complete	10/7/21 10/18/21	Complete	10/15/21	11/10/21	11/23/21	1/4/22	Final Present Value Savings \$834,025	No WHEFA FA Whitworth FA PFM Public Sale

**Washington Higher Education Facilities Authority
Bond Issue Status Report
As of February 18, 2022**

FY 2021-22 Goal: Complete two bond issues totaling approximately \$30 million by June 30, 2022.

Total bonds issued to date: Two bond issues totaling \$76,605,000 with total PV savings of \$2,469,032.

TAB 9



December 23, 2021

Mr. Steve Walker, Executive Director
Ms. Carol Johnson, Manager
Washington Higher Education Facilities Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Dear Mr. Walker and Ms. Johnson

On behalf of the Washington Higher Education Facilities Authority (the "Authority") and the institutions who borrow through the Authority, we have calculated the estimated interest savings that resulted from issuing tax-exempt bonds through the Authority, compared to the interest cost of comparable taxable rates. The purpose is to quantify the benefit of issuing tax-exempt debt through the Authority and determine the benefit to Whitworth University (the "University").

Consistent with the final sizing of the Bonds, we have relied on the following assumptions in our estimates for the taxable debt service.

- Bond proceeds of approximately \$21,500,000
- Actual costs of issuance and underwriter's discount
- Final maturity in 25 years (October 1, 2046)
- Structured to achieve uniform savings on the refunding component and level debt service on the new money component

In order to estimate the taxable debt service, we put together a taxable pricing scale based on available market data including Thomson Reuters Municipal Market Data (MMD). We've review the MMD yield curves for Baa and A rated credits to approximate the taxable pricing scale for entities with similar credit profiles to that of the University. Debt service for the tax-exempt bonds reflects actual debt service of the Bonds.

Our analysis is summarized below. In addition to the assumptions described above, this analysis assumes the bonds are held until final maturity. Early redemption, or any other material changes to the bonds, could result in a material deviation from the figures shown below.

<u>Nominal Cash Flow Savings</u>	<u>PV Cash Flow Savings</u>
\$ 1,227,063	\$ 834,025

If you have any questions or comments regarding the benefit to the University from using Authority issued bonds, please contact Thomas Toepfer at (206) 858-5360 or Steven Amano (206) 858-5366.

Sincerely,

PFM Financial Advisors
Thomas Toepfer
Director

STIFEL

December 1, 2021
Ms. Carol Johnson, Manager
Washington Higher Education Facilities Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Dear Ms. Johnson,

On behalf of the Washington Higher Education Facilities Authority (the “Authority”) and the institutions who borrow through the Authority, Stifel has calculated the interest savings that resulted from issuing \$21,825,000 of tax-exempt bonds through the Authority, compared to the interest cost of comparable taxable rates. The purpose is to quantify the benefit of issuing tax-exempt debt through the Authority and determine the benefit to Whitman College (the “College”).

We have relied on the following assumptions in our analysis:

- The purpose of the \$21,825,000 Series 2021A Bonds was to refund the College’s 2008 bonds in the public market. The refunding was a current refunding, since the 2008 bonds were variable rate demand bonds.
- Additionally, the College used proceeds derived from the Series 2021A Bonds to terminate the interest rate swap associated with the 2008 Bonds and the SBPA and the remarketing agreements for the bonds were also terminated at closing.
- While interest rate savings are nominal at best, the College looked to simplify its debt portfolio and eliminate the several challenges associated with their synthetic fixed rate bond structure. Doing so helped de-risk Whitman’s debt profile, helped increase debt capacity in the long run, and is a large positive for the rating agency.
- The amortization of the 2008 refunding bonds remained consistent, with no changes, with a final maturity date of January 1, 2038.

In order to evaluate the savings benefit to the College when issuing tax-exempt bonds as opposed to a taxable issuance, Stifel analyzed the results when assuming taxable debt was used for the refunding. With relevant data gathered and analyzed, Stifel input separate interest rate scales and ran separate bond cash flows and sources and uses of funds for each scenario, i.e. tax-exempt versus taxable financings (i.e. 2.07% AIC vs. 2.88% AIC). Stifel compared the cash flows of the two scenarios on (i) a total (gross) cost basis and (ii) a present value basis using a discount factor that represents the average of the all-in-costs of the two scenarios.

In addition to the assumptions described above, this analysis assumes the bonds are held until final maturity at the interest rates described above. Early redemption, or any other material changes to the bonds, could result in a material deviation from the figures shown below. Stifel has calculated the tax-exempt benefit on an estimated basis assuming market conditions the day of pricing, November 18, 2021.

Series 2008 Refunding Nominal Cash Flow Savings
\$2,028,713

Series 2008 Ref. PV Cash Flow Savings
\$1,635,007

**Present value is being calculated using a discount factor of 2.475%*

As you review, please let us know if you have any questions or comments. If you’d like, please feel free to contact us at 720-766-8213.

Sincerely,



Brad Gysin
Vice President, Stifel

Scott McQuilkin Named 19th President of Whitworth University

January 28, 2022

The Whitworth University Board of Trustees is pleased to announce the appointment of Scott McQuilkin, Ph.D., as the university's 19th president.

McQuilkin has served as Whitworth's interim president since June 1, 2021, following President Beck A. Taylor's departure for Samford University.

Whitworth Board of Trustees Chair Brian Kirkpatrick says McQuilkin has dedicated his entire career to Whitworth University and its mission and has been an exceptional and visionary leader in every capacity.



“It is with delight and respect that I announce that Scott McQuilkin will be the next president of Whitworth University,” Kirkpatrick says. “When Scott was named interim president, both he and the board officers agreed that he should not be an applicant for the permanent position. Scott stated that his candidacy would very likely deter some high-quality candidates from applying. Therefore, desiring for the candidate pool to be as robust as possible and the best outcome for the university, Scott was never a candidate, and he remained outside the process throughout the duration of the search. Although this was disappointing for many in the community, the process was undertaken with consideration of over 60 applicants. When our exhaustive search concluded without a presidential appointment, the board then approached Scott, asking him to consider a permanent appointment. After many in-depth and thoughtful discussions, he enthusiastically agreed to be considered by the board for the presidency.”

Whitworth trustee Barbara Richter '77, co-chair of the Presidential Search Committee, is confident McQuilkin will lead Whitworth through the many challenges that higher education institutions are facing.

“Scott understands what makes Whitworth unique and has an outstanding ability to lead our diverse student body, families, staff and faculty to not only preserve, but promote our culture and values,” she says. “His personal commitment to Christ is evident in all that he does in his life. Scott will use his gifts of excellence, commitment, work ethic, intelligence, calm and humility as he forges his strategic vision and plan for Whitworth’s present and future.”

An alumna and longtime employee of the university, McQuilkin previously served for 12 years as vice president for institutional advancement. In that critical role, McQuilkin was a member of the president’s cabinet and oversaw a staff of 40 people in fundraising, donor relations, marketing & communications, and alumni & parent relations. Under McQuilkin’s leadership, institutional advancement carried out its most successful fundraising campaign in the university’s history. The 11-year Campaign for Whitworth raised more than \$156 million in gifts and future commitments, supporting more than 600 projects and programs.

In addition to earning his undergraduate degree from Whitworth, McQuilkin earned his master’s degree in education from Whitworth and then went on to earn his Ph.D. in exercise and sport science from The Pennsylvania State University. He has served the university in various faculty, coaching and administrative roles, including as a tenured professor and chair of the kinesiology department; as head baseball coach; and as athletic director for 14 years. During his tenure as director, Whitworth Athletics won numerous conference championships as well as the coveted McIlroy-Lewis All-Sports Trophy – which recognizes the Northwest Conference’s best overall intercollegiate athletics program – three times. McQuilkin has also taught in Whitworth’s acclaimed Core/worldview studies program.

“In Whitworth’s history, no new president has known Whitworth better or loved Whitworth more than Scott McQuilkin,” Whitworth President Emeritus Bill Robinson says. “I have watched him lead with confidence, humility and strength for almost 29 years. In 1995, when I asked (begged) Scott to reduce his time as a faculty member and become Whitworth’s director of athletics, he asked me what I expected of him. I answered by saying I wanted our athletic programs to be a reflection of him. I couldn’t think of a loftier goal. Soon we were hanging conference all-sports championship banners in the fieldhouse. Some 14 years later, I asked Dr. McQuilkin to head up institutional advancement. He and his team kept the banners coming, but ones in the form of friends and funds supporting Whitworth at unprecedented levels. Scott is one of the most talented people I have ever met. He’s good at everything, except maybe oboe. But if there is one quality that exceeds his estimable abilities, it is his honor. In the 17 years we worked together and the 12 years since, never have I seen a hint of Scott putting himself in front of the mission or the institution. His high integrity and low self-importance will inspire the trust from the entire university community. Scott McQuilkin, along with his strong, smart and gracious partner, Janice, will safeguard Whitworth’s mission and fill its future with bright hope.”

Beck A. Taylor, Whitworth’s 18th president, agrees the right person has been chosen for the job.

“I am thrilled about Dr. McQuilkin’s appointment as Whitworth’s next leader,” says Taylor, now president of Samford University. “Scott has been a part of the Whitworth family since he was 18 years old. It’s no exaggeration to say that he may have unmatched experience with and knowledge of Whitworth’s unique educational mission and culture. Scott will successfully champion Whitworth’s Christ-centered approach to higher education, and Whitworth, empowered by Scott’s leadership, will continue to stand among the country’s finest faith-based universities.”

Dawn Keig, faculty president and associate professor of business & economics, says between his background in academia and the relationships he has formed over his

many years on campus, McQuilkin has a unique understanding of the university's mission and the bonds shared among the Whitworth community.

“We have been working closely with Scott in his interim capacity since last May and deeply appreciate his collaborative leadership style as he thoughtfully and proactively seeks faculty, staff and student voices on important issues that impact how we live out our mind-and-heart mission,” Keig says. “Faculty have a true and authentic partner in Scott. We are looking forward to continuing our close relationship with him and supporting him as our 19th president as we step up together to new and exciting possibilities.”

McQuilkin has also made a tremendous impact by serving organizations like Northwest Harvest, the leading hunger relief agency in the state. He is in the third year of a four-year term as board of directors chair. From 2005-08, he was the corporate board chair of YMCA of the Inland Northwest; he also held the organization's title of mission emphasis committee chair.

His commitment to God is evident in positions he has held within the Whitworth Community Presbyterian Church. From Sunday school teacher to personnel commission elder, McQuilkin not only practices what he preaches, but he graciously and eloquently spreads the word of the gospel through the halls of Whitworth.

McQuilkin shares his love for Whitworth along with his wife, Janice '85, and their three children, all Whitworth graduates: Morgan '12, Kelsey '14 and Tyler '16.

McQuilkin will become Whitworth's 19th president on Feb. 1, 2022. For more information about President-Elect McQuilkin and to read comments from his colleagues, click [here](#).

About Whitworth University:



Located in Spokane, Wash., Whitworth is a private liberal arts university affiliated with the Presbyterian church. The university, which has an enrollment of more than 3,000 students, offers more than 100 undergraduate and graduate degree programs.

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Whitman College Announces Dr. Sarah Bolton as 15th President

January 11, 2022



Bolton, a physicist and the current president of The College of Wooster in Ohio, will assume the role in July 2022.

WALLA WALLA, Wash. — The Whitman College Board of Trustees today [announced](#) the unanimous selection of Dr. Sarah Bolton as the institution’s 15th president. Bolton, the sitting president of The College of Wooster, will succeed President Kathleen Murray, who is retiring after seven years of service to Whitman.

A respected physicist, scholar and administrator, Bolton brings more than 25 years of experience in higher education and a long-standing commitment to the liberal arts. Prior to her term as president of The College of Wooster, Bolton spent more than 20 years at Williams College in Massachusetts, first as a professor and then as Dean of the College.

“Sarah is a dynamic leader and a thoughtful listener whose values and vision mirror those of Whitman,” said Chair of the Board of Trustees Joe Davis. “She believes that student learning and growth should be at the center of every decision, that excellence requires equity and a commitment to fulfill the college’s promise for every student. She believes a great liberal arts education like Whitman’s is more important than ever—preparing students to impact the world in ways that are so greatly needed at this



moment. With these guiding values, Sarah Bolton is the right president for Whitman at this time in the college's history."

Bolton said she was drawn to Whitman precisely because of this shared mission to equip the next generation of learners to lead meaningful lives of purpose.

"The most exciting thing for me is the impact that Whitman makes in the lives of its students. I had a great opportunity in the course of the interviews to hear from everyone from current students to recent graduates to people who had graduated decades ago, and they all spoke about the transformative power of their Whitman education. They described the ways their Whitman education had influenced their path, had opened doors for them, had changed their sense of themselves and what they could do, and the ways that they are thinking about how that can evolve for the future."

She was further compelled by Whitman's "superb faculty, and equitable and inclusive campus life that weaves students together in a fabric of genuine understanding, and connections from classroom learning to engagement with the local community and the larger world."

The Board of Trustees confirmed Bolton's appointment after an almost yearlong search led by a distinguished roster of trustees, faculty, staff, students, alumni and parents. Bolton rose to the top of a highly accomplished group of candidates with diverse backgrounds and experiences. The firm Storbeck Search, a member of the Diversified Search Group, provided executive search services.

"Even in a deep and diverse and talented pool, Sarah Bolton stood out for the ways that she's created a career and a leadership path that puts students at the center and champions their success," said Trustee Danielle Garbe Reser '97, Chair of the Presidential Search Committee.

"We are excited and inspired by her shared commitment to academic excellence in the liberal arts and her appreciation for the power of our location in Walla Walla to provide a transformative educational experience. This is the first time that Whitman has recruited a sitting president to the job, which is a testimony to the current strength of the college and the result of decades of exceptional stewardship of the institution and its resources."

Bolton took the helm at Wooster in 2016, and in her first year as president collaborated with faculty, staff and students to create the college's first-ever diversity, equity and inclusion strategic plan. Bolton then raised funds and organized the Wooster community to implement those initiatives, including by partnering with faculty on core curriculum revisions to build in more discussions of social justice and spearheading work to add new majors and minors in emerging fields.



“I really liked the way she talked about diversity, equity and inclusion issues,” said Associate Professor of Philosophy Rebecca Hanrahan, chair of the Whitman faculty and a member of the search committee. “She kept repeating that an opportunity that’s not available to everybody is just not an opportunity. She had great success at living that vision at Wooster. I was also very impressed by the work she had done to create a diverse student body at Wooster.”

In 2018, under Bolton’s stewardship, Wooster completed a historic and record-setting campaign that resulted in 71 new scholarships, three new endowed professorships, 34 new endowed funds to support faculty, student research and academic departments, and the creation of 10 endowed funds to support APEX, Wooster’s integrated center for student academic and career advising, planning and experiential learning.

“I was really impressed with how student-focused she was, and she showed a lot of empathy for what students are going through today,” said Reunion Giving Officer Claire Evans ’96, parent of a current Whitman student and another search committee member. “She definitely has her finger on the pulse of what’s happening on college campuses today, not only on the administrative side of things, but with our faculty, with the students.”

Reflecting on her tenure at Wooster, Bolton appreciates the many parallels between the two institutions, particularly strength of community. “I’m very proud of Wooster’s students and the staff and faculty and the ways that they’ve innovated and continued to move forward to create wonderful things over the last six years, including the last two which have been so challenging.”

Bolton earned her Bachelor of Science in physics and biophysics from Brown University, followed by a Master of Arts as well as a Ph.D. in physics from the University of California, Berkeley. Her research explores the properties of novel, nanostructured materials and uses lasers to measure the ways that energy moves in quantum mechanical systems.

The recipient of multiple teaching awards and fellowships, Bolton has authored more than a dozen articles in science journals and been invited to present at conferences across the country. She joined the faculty at Williams in 1995 and was promoted to full professor in 2007, the first woman to reach this milestone in physics at Williams.

She plans to move to Walla Walla with her husband this summer and will officially assume the presidency in July.

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Endowment returns ballooned to 30.6%, their highest level since 1983

But spending rates held steady amid concerns about inflation as 25-year returns hung just below their target.

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[Rick Seltzer](#), Senior Editor



Mark Wilson via Getty Images

College endowment returns averaged 30.6% after fees in the 2021 fiscal year, surging due to high investment performance led by U.S. equities, according to an annual study released Friday.

The breakout 2021 figure far outpaced a 1.8% average return from the year before. It was the second-highest average return ever recorded in the study, which dates back to 1974 and is from the National Association of College and University Business Officers and financial services firm TIAA. Only a 41.3% average return in 1983 was higher.

After the banner year, endowments are averaging a three-year return of 12.1%, a 5-year return of 11.4% and a 10-year return of 8.5%. But their average annual effective spending rate did not increase, remaining at about 4.5%.

Wealth concentrated at the top

Endowments are relatively small at most U.S. colleges, with a large amount of wealth clustered in a handful of institutions. The NACUBO study covered \$821 billion in

endowed assets across 720 colleges and their related foundations. Most of that money, about 84%, was held by 136 endowments valued at \$1 billion or more each.

The top three institutions alone totaled well over \$130 billion in endowed assets. Harvard University reported \$51.9 billion, the University of Texas System had \$42.9 billion, and Yale University counted \$42.3 billion.

In contrast, the median endowment in the study was worth about \$200 million.

Endowment returns and the spending they support nonetheless shape higher education because they influence how institutions fund key budget lines like financial aid, faculty positions, academic programs and campus upkeep.

Spending steady amid widespread gains

Every endowment size category measured in this year's study — from those valued under \$25 million to those worth over \$1 billion — posted returns above 20% in 2021. But larger endowments tended to perform better than smaller ones. Endowments valued at over \$1 billion posted an average return of 37.3%, compared to 23.9% for those worth less than \$25 million.

Investments in venture capital and private equity helped drive the higher returns for large endowments. Large endowments invested more heavily in these asset classes than did smaller endowments, which tended to skew more toward fixed income and U.S. equities.

Average annual effective spending rates varied relatively little by endowment size. The largest endowments posted a spending rate of 4.7%, up slightly from 4.5% in 2020. The smallest averaged 4.1%, unchanged from the previous year.

Investment professionals often say that endowments are not savings accounts to be drawn down — they are meant to last into perpetuity. Spending more today, whether on priorities, taxes or fees, could mean spending less in future years, especially if returns start to lag.

"The spending rate did not drop last year in the face of low returns, and it has not risen this year in the face of high returns," said NACUBO's president and CEO, Susan Whealler Johnston, during a webinar to discuss the study results. "I would not call it hoarding. I would actually call it wise management of the funds that are available to serve the purpose and the mission of the institutions."

Endowment managers are most concerned about matching returns with targets over long periods so that endowments won't lose their spending power.

"Even with a blockbuster year like 2021, we should also remind ourselves that it can still have a very limited impact on longer-term annualized trends," said Ivy Flores, managing director at Nuveen, an investment manager and TIAA subsidiary, during the webinar.

Net annualized average returns over 25 years were 7.7% in 2020. Despite the big year in 2021, the 25-year return marker slipped to 7.4%.

Historically, endowments have set a 7.5% target return to cover spending plans, inflation, management fees and other expenses. But in 2021, return targets moved up to slightly more than 7.9% as expenses increased and managers expected higher inflation.

Returns raise concerns about equity

The large returns in 2021 caused Nicholas Hillman, an education professor at the University of Wisconsin-Madison, to worry about inequality. He saw in the returns an example of a K-shaped recovery from the pandemic — a recovery lifting some sectors while leaving others to struggle.

The colleges without large endowments enroll the majority of the country's low-income students and students of color, Hillman said in an email. Meanwhile, a small slice of higher ed benefits most from large endowment returns.

"This is a story of how the rich get richer in higher education and endowments are a critical tool for maintaining — and widening — inequality in U.S. higher education," Hillman said. "When I hear about these endowments having double-digit returns, I think of the K-shaped recovery and I worry what it means for the long-term inequality of funding in higher education."

New giving to endowments rose by 15% over 2020, according to the study. Small and medium-sized endowments saw particularly large increases.

This year's study added a section about gifts for diversity, equity and inclusion initiatives. A solid majority of respondents, 65%, said they'd received gifts for such initiatives, which can include scholarships, research programs and funding for faculty members.

Upcoming NAHEFFA Conference

NAHEFFA SPRING 2022 CONFERENCE

April 24-26, 2022

Francis Marion Hotel

Charleston, South Carolina

TENTATIVE AGENDA

(FINAL Coming Soon)

Sunday, April 24, 2022

Morning and Afternoon

Historic Charleston

Welcome Reception: Saint Francis Marion Hotel

Monday, April 25, 2022

Innovative Presentations

Discussions and Q & A

Reception

- HALLS SIGNATURE EVENTS
- 5 Faber, Historic Charleston

Tuesday, April 26, 2022

Informative Updates

Washington DC Update

NAHEFFA Membership Activities